



Agricultural Marketing Service
Fruit and Vegetable Programs

Fruit and Vegetable Industry Advisory Committee

Commodity Procurement Update

February 7, 2008

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Fresh Fruit and Vegetable Purchases

- Difficulty
 - Full truckloads in a 2 week window
 - State distribution systems
- DoD Fresh Program
 - MOU with DoD in mid 90's
 - \$55 million spent last year through that program – NSLP and FDPIR

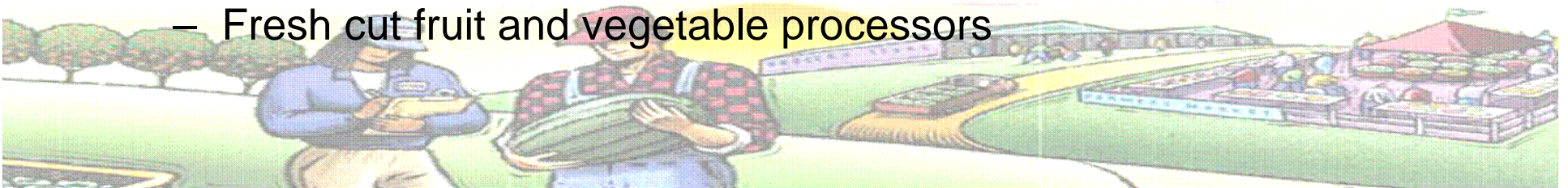




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Fresh Fruit and Vegetable Purchases

- DoD fresh program was to increase the total fruits and vegetables purchased, but AMS purchases have declined
 - FY 2000 – 24 m pounds (3% of total)
 - FY 2007 – 9 m pounds (1.1% of total)
 - 120 m pounds potatoes for processing not counted
- Concerned about the decrease; explored
 - DoD distribution model
 - Processed products distribution model
 - Fresh cut fruit and vegetable processors

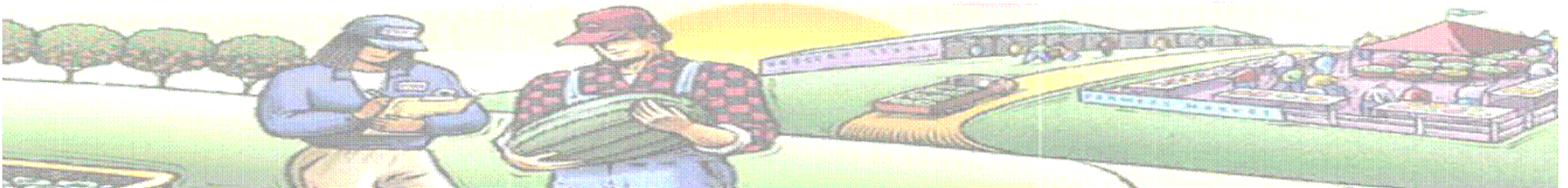




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Fresh Fruit and Vegetable Purchases

- Test purchase of fresh cut apples
 - Orders to distributor from schools in usable quantities
 - Solicit bids with longer delivery timeframe
 - Processors get slotted in distributors and bid
 - Schools order from distributor as needed
 - Schools not charged for value of product
 - Vendors invoice for every 100 cases delivered





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Fresh Fruit and Vegetable Purchases

- Where are we?
 - Draft specification has been circulated
 - Conference call to discuss comments and implementation of a test purchase
 - Small test this school year
 - Larger test next fall
- If successful, expand to other fresh and fresh-cut products





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Other Fruit and Vegetable Products Purchased for Schools

- Foods available has not changed much
- Changes
 - School food service running a business
 - More ready-to-serve
- Last few years we moved into processing
 - Fresh potatoes for frozen end items
 - Fresh potatoes for dehydrated items
 - Fresh sweet potatoes for frozen end items



Other Fruit and Vegetable Products Purchased for Schools

- Other products offered to schools
 - Apricot cups
 - Strawberry cups
 - Dried and frozen blueberries
 - Cranberry products
 - Blackberry puree



Other Fruits and Vegetable Products Offered to Schools

- Exploring
 - Grape juice for processing
 - Fruit cups
 - Juice cartons and boxes
- Input
 - What are schools serving
 - What are vendors producing



Other Fruits and Vegetable Products Offered to Schools

- New product issues
 - Cost
 - Nutrition
 - Allergens



Food Safety

- Importance of
- Initiatives
 - Food Defense Audits
 - Truck seals – high security on all loads
 - GHP/GAP certification – required GAP last July, have issues to resolve with our vendors



Nutrition

- FNS Initiative to improve the nutritional profile of USDA commodities
- Exploring
 - Low sodium canned vegetables – 140 mg per $\frac{1}{2}$ cup serving
 - Canned fruit packed in juice

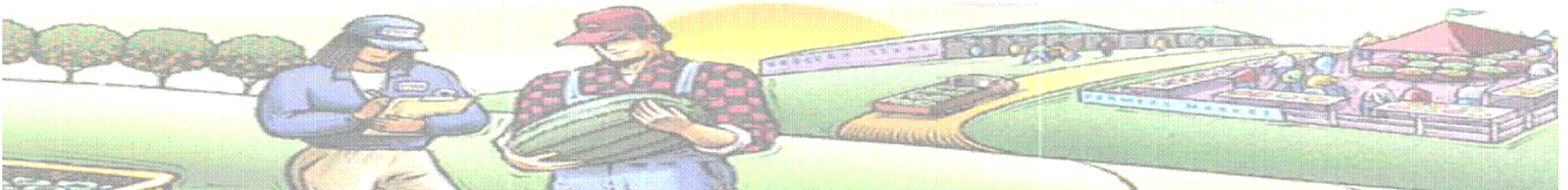




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Nutrition

- Low sodium - Notice to the Trade
 - Can vendors produce?
 - If so, when and how to implement?
 - When would contracts have to be awarded?
 - What is commercial pack low sodium?
- Fruit in natural juice
 - Industry has already weighed in on this – issues
 - Awaiting further input from FNS



Distribution

- Issues
 - State or state-contracted warehouses
 - Distributors or warehouses bidding to deliver USDA commodities
 - Push to have commodities delivered through commercial distributors
- Hope to study distribution systems for best practices in the future



Closing

- Excited about changes in commodity procurement
- Ultimately, we hope that the initiatives will enable us to be even more effective in meeting our goals to support domestic agriculture and provide high-quality and safe products that the nutrition programs can use effectively.

